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Message Text

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ACTION AID-59

INFO OCT-01 NEA-05 ISO-00 IGA-02 EB-05 SS-20 SPC-03 L-03

AS-01 CIAE-00 /099 W
---------- 039752
P 051402Z DEC 73
FM AMEMBASSY SANAA
TO SECSTATE WASHDC PRIORITY 0000

C O N F I D E N T I A L SANAA 2325

E.O. 11652: GDS

AIDAC

SUBJ: CONVERSATION WITH MINSTATE FOR DEVELOPMENT

FOR MACDONALD FROM RUIZ

1. AAP RUIZ AND LAUDATO MET MINSTATE FOR DEVELOPMENT NOVEMBER 26 FOR CANDID, SOMETIMES HEATED DISCUSSION OF FOREIGN AID AND YEMEN DEVELOPMENT. CONVERSATION WAS BEFORE MINISTER'S NOVEMBER 27 RESIGNATION (SANAA 2286) WHICH COULD AFFECT HIS VISIT TO WASHINGTON IF NOT WITHDRAWN DUE TO PRESIDENT'S PROBABLY INTERCESSION.

2. SA'ID QUESTIONED REASONS FOR WASHINGTON'S NEGATIVE DECISION ON POULTRY PROJECT. LAUDATO EXPLAINED WASHINGTON RATIONALE BUT THIS DREW CRITICAL RESPONSE FROM SA'ID ON NUMBER OF POINTS, WHICH TOUCHED ON OTHER PROJECTS AS WELL.

3. SA'ID STATED THAT PRIORITY OF POULTRY PROJECT AND OF DAIRY ACTIVITY WHICH YEMENIS HOPE WILL RESULT FROM DAIRY STUDY IS DUE TO COMBINATION OF ECONOMIC, SOCIOLOGICAL, POLITICAL AND HUMANITARIAN CONSIDERATIONS. USG WOULD MAKE SERIOUS MISTAKE TO LOOK ONLY AT ECONOMIC CONSIDERATION. SA'ID STATED FLATLY THAT FOR YARG PRIORITIES MUST BE BASICALLY POLITICAL DETERMINATION
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BUT WITH CONSIDERATION GIVEN TO IMPORTANT ECONOMIC

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AND HUMANITARIAN FACTORS. YARG DID NOT WANT TEAMS
WHICH COULD TELL YEMEN WHY IT SHOULD NOT DO SOMETHING
BUT RATHER TEAMS WHICH WOULD HELP IT FIND WAYS OF DOING
EVEN THOSE THINGS WHICH ARE DIFFICULT FOR DEVELOPING
NATIONS WITH LIMITED RESOURCES. SA'ID RECALLED THAT
AT TIME IT WAS BUILT ORIGINAL TAIZ WATER PROJECT WAS
NOT ECONOMICALLY VIABLE VENTURE BUT ONCE STARTED DEVELOPED
ITS OWN MOMENTUM WHICH SAW IT THROUGH SUCCESSIVE STAGES
WHERE IT LOST MONEY, REQUIRED SUBSIDIES, BROKE EVEN, THEN
PROVED VIABLE. SA'ID STATED THAT IF US HAD BEEN CONCERNED
WITH ECONOMIC ANALYSIS ONLY THERE WOULD NOW BE NO
ONGOING WATER SYSTEM OR THE LARGER DEVELOPMENT INSTITUTION
WHICH HAS GROWN AROUND IT. US, SA'ID REITERATED , MUST LOOK AT
NON-ECONOMIC ASPECTS.

4. ON POULTRY, SA'ID COMMENTED THAT IF US VIEWED
LARGER PROJECT AS NOT VIABLE WHY NOT START ON
SMALLER SCALE AND LEARN FROM EXPERIENCE. YARG WOULD
NOT LET PROJECT FAIL. ONCE STARTED IT WOULD GROW
BECAUSE DEMAND WAS THERE AND PEOPLE WOULD BE WILLING
RISK PRIVATE CAPITAL ONCE TECHNICAL PATTERN ESTABLISHED.
IF US HAD BEEN UNSUCCESSFUL IN THESE TYPES OF PROJECTS
IN OTHER COUNTRIES THAN PERHAPS BOTH COUNTRIES COULD
PROFIT BY THESE PAST MISTAKES TO MAKE YEMEN PROJECT
A SUCCESS.

5. SA'ID ASKED LAUDATO IF HE THOUGHT IT STRANGE
THAT HE (SA'ID) SPENT SO MUCH TIME ON USAID'S ACTIVITIES
IN YEMEN GIVEN FACT THAT OTHER DONORS ARE DOING SO MUCH MORE
IN TERMS OF ABSOLUTE FINANCING LEVELS. SA'ID EXPLAINED
HE COULD GO TO THE CHINESE AND GET A MAJOR ROAD OR
DO LIKEWISE WITH GERMANS, AND IN DOLLAR LEVEL GET FAR
MORE FOR YEMEN THAN BY APPROACHING USAID. THAT HE
SPENT SO MUCH TIME ON AID PROGRAM WAS BECAUSE HE FELT
TYPES OF THINGS US WAS DOING WERE VITAL TO DEVELOPMENT
IN YEMEN EVEN IF PROJECTS WERE NOT AS LARGE AS THOSE
OF SOME OTHER DONORS. AID PROJECTS AIMED AT CRITICAL
PROBLEMS IN PRACTICAL WAY, E.G. WATER, SORGHUM
TRAINING, ETC. ACTIVITIES IN DAIRY, POULTRY AND
OTHER AGRICULTURAL FIELDS COULD ALSO PRODUCE RESULTS
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IN YEMEN WHICH WOULD ULTIMATELY AFFECT LARGE NUMBERS
OF PEOPLE. HE RECOGNIZED THESE THINGS TAKE TIME
BUT STATED "WE MUST START EITHER WITH YOUR HELP
OR BY OURSELVES." HE NOTED HE UNDERSTOOD WHY WE WERE
NOT INTERESTED AT THIS TIME IN THE AIRPORTS. HE
FELT WE SHOULD RE-EXAMINE POULTRY PROBLEM FROM STAND-
POINT OF HOW TO BEGIN SOME MODEST ACTIVITY IN THIS
AREA.

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6. SA'ID CLOSED BY SAYING HE HAD FAITH IN AMERICAN
WAY OF ATTACKING PROBLEMS AND IN FACT THIS WAS WHY HE
WAS PLEASED WITH TRAINING PROGRAM; HE KNEW PARTICIPANTS
WOULD COME BACK WITH GOOD LIBERAL EDUCATION AND
UNDERSTANDING OF INTER-DISCIPLINARY NATURE OF DEVELOPMENT
PROBLEMS. HE CHIDED THAT PERHAPS AID SHOULD LOOK AT
POULTRY PROJECT IN SAME WAY.

7. CONVERSATION ENDED ON CORDIAL NOTE
WITH SA'ID SAYING
HE WOULD LIKE TO CONTINUE THIS DISCUSSION BEFORE LAUDATO'S
RETURN TO WASHINGTON.
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